

ANNUAL REPORT  
OF THE  
MAINE PUBLIC UTILITIES COMMISSION

February 2, 1987

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## I. INTRODUCTION.

The Public Utilities Commission is required by State law to report annually to the Legislature on its fiscal activities relating to the Regulatory Fund, the Reimbursement Fund and the Nuclear Decommissioning Financing Act [see 35 M.R.S.A. §§17(2), 18 and 3358]. In addition, the Commission has agreed with the Joint Standing Committee on Utilities to include information in its Annual Report relating to:

1. The number and nature of utility filings under legislation clarifying the time during which a utility is restricted from filing a rate case [see 35 M.R.S.A. §64, 2nd paragraph, last sentence];

2. The waiver, receipt, expenditure and return of filing fees collected under 35 M.R.S.A. §13-B;

3. The Commission's treatment of electric utility requests for rates to recover expenses associated with conservation loan programs;

4. The effectiveness of 35 M.R.S.A. §314 (last paragraph) in deterring utility violations of Chapter 81 of the Commission Rules; and

5. The accumulation of funds in water districts' contingency reserves, the disposition of such funds, and the existence and disposition of any "excessive" amounts in such reserves.

In addition to the above, we have included information relating to expenditures of General Fund monies, case load and organization.

It is intended that this report will provide a complete and concise picture of Commission activities. We welcome suggestions from the Legislature or other interested parties that would improve this report in the future.

## II. PURPOSE AND ORGANIZATION.

Purpose. The Public Utilities Commission's purpose is to protect the public by ensuring that utilities operating in the State of Maine provide adequate and reliable service to the public at rates that are reasonable and just. The Commission is a quasi-judicial body which rules on cases involving rates, service, financing and other activities of the utilities it regulates. The Commission has jurisdiction over 150 water utilities, 15 electric utilities, 1 gas utility, 19 telephone utilities, 3 resellers of telephone services, 4 water carriers and limited aspects of 6 radio common carriers. These utilities had total revenues in 1986 of more than \$973 million.

Organization. The Public Utilities Commission was created by the Public Laws of 1913 and organized December 1, 1914. The present Commission consists of three members appointed by the Governor, subject to review by the Legislative Committee having jurisdiction over utilities and to confirmation by the Legislature for terms of six years. One member is designated by the Governor as Chairman, and all three devote full time to their duties. [See organizational chart at the end of this section]

The Commission sets regulatory policy through its rulemaking and adjudicatory decisions. Aside from the Commission itself, the agency is divided into five operating divisions as follows:

Administrative Division. The Administrative Division is responsible for fiscal, personnel, contract and docket management, as well as physical plant. The Division provides support services to the other divisions and assists the Commission in coordinating its activities. The Division has primary responsibility for public information and assists the General Counsel of the Legal Division in providing information to the Legislature.

Consumer Assistance Division. The Consumer Assistance Division (CAD) receives, analyzes and responds to complaints from Maine utility customers. The CAD assists individual customers in resolving their disputes with the utility and analyzes those complaints to determine what utility practices, if any, need to be corrected. The Division analyzes utility rate filings and prepares data requests and testimony on quality of service issues in major rate cases. In addition, the Division participates in Commission initiated investigations and other matters which relate to quality of service, energy conservation and low income payment problems.

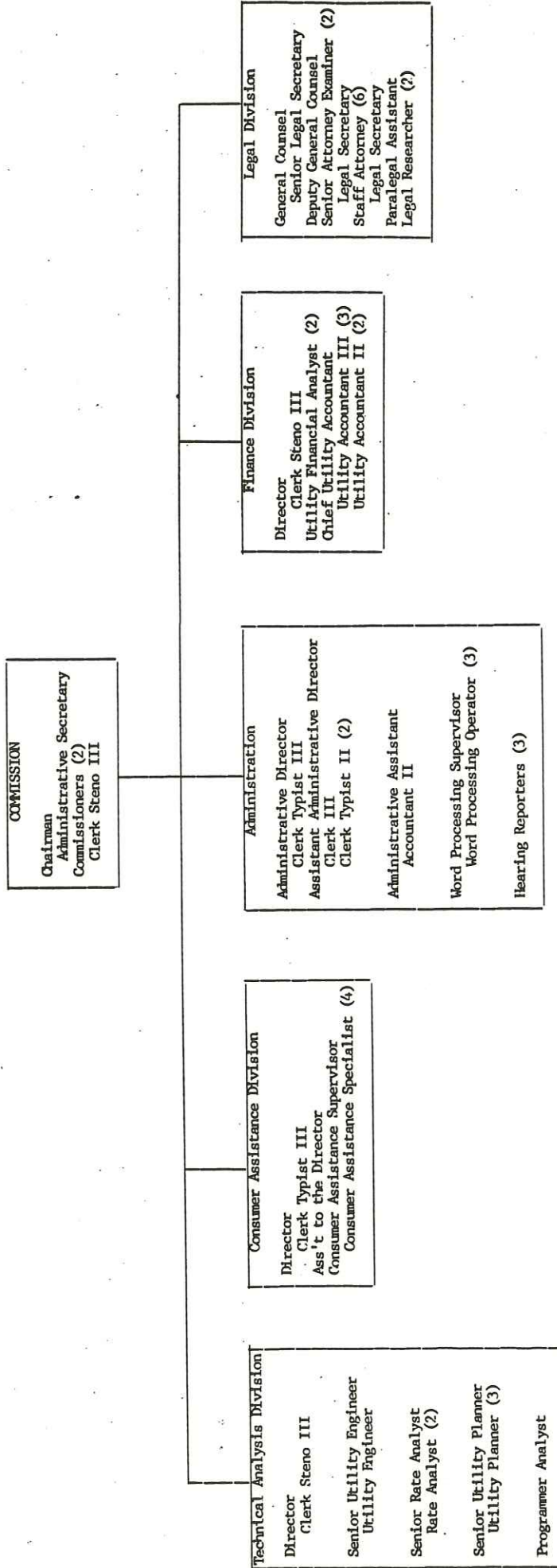


Legal Division. The Legal Division represents the Commission before federal and State appellate and trial courts and agencies. It provides examiners and advocates in cases before the Commission and assists in preparing and presenting Commission views on Legislative proposals. Examiners preside over Commission proceedings, rule on questions of procedure and evidence, and prepare written recommended decisions for the Commission. Advocates organize and present the staff's case before the Commission, cross-examine the cases of other parties, file briefs on the issues, and engage in negotiations with the parties for the settlement of all or some of the issues in a case. Complete legal services are provided by the Division on all legal aspects of matters within the Commission's jurisdiction from major rate cases to individual consumer complaints.

Finance Division. The Finance Division is responsible for conducting financial investigations and analysis of telephone, electric, gas and water utilities, and for conducting other research about Maine utilities. The Division analyzes all applications of utilities to issue stocks, bonds or notes. The Division prepares testimony and other material concerning fuel clauses, cost of capital, rate base, revenues, expenses, depreciation and rate design for rate cases. The Division assists in the preparation of questions for cross-examination on accounting and finance matters, presents direct testimony, evaluates rate case exhibits and advises the Commission on financial and economic issues.

Technical Analysis Division. The Technical Analysis Division analyzes the technical aspects of filings made by utilities. Specifically, the Division analyzes and evaluates rate design exhibits, assists in the preparation of engineering related cross-examination and provides expert witnesses in rate proceedings. The Division prepares and reviews cost allocations and rate studies, reviews plans and specifications on all major utility construction projects, conservation programs and power purchases, conducts on-site inspection of system improvements, advises the Commission and CAD regarding line extensions, inspects gas pipelines to ensure safe operations and conducts on site investigations of gas explosions and electrical accidents involving loss of human life. Finally, the Division reviews standards of service, utility reports, fuel clauses and fuel generation rates, using computer modeling techniques where appropriate.

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION





### III. FISCAL INFORMATION.

The Public Utilities Commission is required by 35 M.R.S.A. §17 to report annually to the Joint Standing Committee on Utilities "on its planned expenditures for the year and on its use of funds in the previous year." The Commission is also required to report to the Committee regarding the Reimbursement Fund, the Purchase Power Fund and the Nuclear Decommissioning Financing Act. This section of the Commission's Annual Report fulfills these statutory requirements and provides additional information regarding the Commission's budget.

The Commission has two major sources of funding, in FY 86 a General Fund appropriation of approximately \$760,000 and a Regulatory Fund of \$1,894,000. The Regulatory Fund is raised through an assessment on utilities pursuant to 35 M.R.S.A. §17. The assessment process is described in Section 5 of this chapter.

All references in this chapter are to fiscal years -- July 1 to June 30. Throughout this report Consulting Services are broken out from All Other because it represents a large portion of the Commission's budget.

#### 1. Fiscal Year 1986.

In FY 86, the Commission expended approximately \$2.4 million regulating 199 utilities with gross revenues exceeding \$973 million. Exhibit A details FY 86 expenditures by line category. Exhibit B summarizes General Fund activity and activity in other funds administered by the Commission.

The Commission was authorized 63 positions in FY 86, 22 in the General Fund and 41 in the Regulatory Fund.

General Fund. The General Fund allocation for FY 86 was \$758,873. \$11,066 was brought forward from FY 85. \$749,386 was expended, principally for Personal Services. \$20,553 was lapsed to the General Fund. This lapsed amount represents, in large part, salary savings from vacancies that went unfilled during all or part of FY 86.

Regulatory Fund. The Regulatory Fund assessment for FY 86 was \$1,894,000.

In addition to the assessment, a balance of \$132,580 and encumbrances of \$161,878 were brought forward from FY 85.<sup>1/</sup> \$1,623,306 was expended. Details of these expenditures are presented in Exhibit A. An encumbered balance of \$266,997 and an unencumbered balance of \$253,021 were brought forward to FY 87. The encumbered balances generally represent ongoing contracts for consulting services.

Decommissioning Fund. 35 M.R.S.A. §3358 [Nuclear Decommissioning Finance Act] states, "Notwithstanding any other provision of law, money received from the filing fee should be segregated, apportioned and expended by the Public Utilities Commission for the purposes stated in this section, with a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs." \$35,000 was originally received by the Commission pursuant to §3358 in FY 83, and \$14,118 of that amount was expended during that year. An encumbered balance of \$20,882 was brought forward to FY 84. During FY 84, \$20,582 was expended. During FY 86 \$300 was expended leaving this account closed.

Reimbursement Fund. 35 M.R.S.A. §18 states, "The Commission shall report annually, before February 1st, to the joint standing committee of the Legislature having jurisdiction over public utilities, on a case by case basis, on the waiver, exemption, receipt and expenditure of any filing fees, expense reimbursements or fines collected under this Title."

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Pursuant to 35 M.R.S.A. §17, balances up to 7% of the Regulatory Fund may be brought forward to the next fiscal year. If these funds are to be moved from one line category to another, the approval of the Governor is required. Any amount over 7% must be reallocated by the Legislature or used to reduce the utility assessment in the following fiscal year.



Exhibit B indicates the Reimbursement Fund has been divided into two accounts - - Filing Fees and Miscellaneous Reimbursements. The filing fee account had an encumbered balance of \$4,503 and an unencumbered balance of \$82,401 brought forward to FY 86. \$17,645 was expended on consultants and \$63,034 was refunded to the utilities. \$6,225 was transferred to the Miscellaneous Reimbursement account. It had been incorrectly applied to the Filing Fee account. The balance of \$20,956 represents filing fees received during FY 86.

During FY 86, \$8,178.30 was received in filing fees from Central Maine Power Company to assist in defraying the cost of processing its petition for the purchase of power and transmission capacity from Hydro Quebec. A filing fee from Bangor Hydro-Electric Company in the amount of \$1,778.40 was received for the same purpose. The Commission has determined these funds will not be required to process the petitions and will therefore be refunded to the utilities. Also during FY 86, \$11,000 was received from Central Maine Power Company regarding the Lewiston Falls Hydro-Electric Redevelopment Project. Expenditures from this filing fee made during FY 87 will be reported next year.

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agendas and decisions and for other miscellaneous items. \$11,021 was brought forward from FY 85. An Additional \$6,225 was transferred from the Filing Fee account to correct an accounting error. \$8,002 was received during FY 86.

In FY 86 the Commission waived a filing fee under 35 M.R.S.A. Section 13-B in connection with a filing from Dirigo Electric Cooperative.

In FY 86 no fines were collected by the Commission.

## 2. Fiscal Year 1987.

Exhibit C details the Commission's FY 87 General Fund and Regulatory Fund budgets. The FY 87 budget figures are included in the left hand column. Encumbered and unencumbered balances brought forward from FY 86 are included in Column 2. The \$190,212 in Capital funds includes \$125,000 transferred from All Other to fund that part of the renovations at 242 State Street which exceeded the resources available in the Facilities Fund. The right hand column represents the total funds available to the Commission in FY 87 by account and line category. The bottom figure in the right hand column represents the total of all funds available to the Commission in FY 87.

### 3. Fiscal Year 1988 and Fiscal Year 1989 Budget.

The Commission is seeking to increase the annual Regulatory Fund assessment by \$140,000 to a total of \$2,219,000 beginning in FY 88 and an additional \$90,000 for a total of \$2,309,000 in FY 89. The additional funds will be used to fund increases in personnel costs and general operating expenses.

Exhibit D details the requested FY 88 and FY 89 Regulatory Fund budget in the left hand column. Column 2 breaks out the requested increase in the budget by line category. The right hand column represents the total of the requested budgets and the proposed increase.

### 4. The Budget in Perspective.

Exhibit E details the Commission's General Fund and Regulatory Fund budgets for a four-year period. The left hand column has amounts actually expended in FY 86. Column 2 contains FY 87's expenditure plan. Columns 3 and 4 contain FY 88 and FY 89 Budget Requests.

### 5. The Regulatory Fund Assessment In Perspective.

Exhibit F details the Regulatory Fund assessments since FY 80. Annual Reports filed by the utilities with the Commission include revenues for the previous year ending December 31. Calculations are made to determine what percentage of the total reported revenues will provide the amount authorized by statute - currently \$2,079,000. The factor derived that will raise the authorized amount is applied against the reported revenues of each utility. Pursuant to 35 M.R.S.A. §17(2), on May 1st of each year an assessment is mailed to each utility regulated by the Commission. The assessments are due on July 1st. Funds derived from this assessment are for use during the fiscal year beginning on the same date.

### 6. Management Audits

35 M.R.S.A. §18 provides that the Commission may require the performance of a management audit of the operations of any public utility in order to determine:

1. The degree to which a utility's construction program evidences planning adequate to identify realistic needs of its customers;

2. The degree to which a utility's operations are conducted in an effective, prudent and efficient manner;



3. The degree to which a utility minimizes or avoids inefficiencies which otherwise would increase cost to customers;

4. Any other consideration which the Commission finds relevant to rate setting under Chapter 3, §§51 and 52.

Section 18 also provides that the Commission may select an independent auditor to perform the audit, require a utility to pay for the cost of the audit and require the utility to execute a contract with the independent auditor. Finally, Section 18 provides the full cost of the audit shall be recovered from the ratepayers, and that the Commission shall consider the impact of the cost of the audit upon the ratepayers.

In FY 86 pursuant to Section 18, the Commission ordered a management audit of the construction planning and service ordering areas of New England Telephone Company and of Central Maine Power Company's investment in the Millstone Nuclear Power Plant. The New England Telephone Company audit has been completed at a cost of approximately \$98,000. The audit of Central Maine Power Company's investment in the Millstone Nuclear Power Plant has similarly been completed at a cost of approximately \$99,000.

#### 7. Public Utilities Commission Facilities Fund

35 M.R.S.A. §17, §§7 authorized two special assessments of \$250,000 each to make necessary improvements in the facilities housing the Public Utilities Commission at 242 State Street, Augusta, Maine.

On October 1, 1985, the first of the two special assessments was mailed. The assessments were due December 1, 1985.

The second and final assessment of \$250,000 was made in conjunction with the annual Regulatory Fund assessment mailed on May 1, 1986. This assessment was due July 1, 1986. No expenditures were made from this fund in FY 86. The project is expected to be completed in the 3<sup>rd</sup> quarter of FY 87. A full report on expenditures from the fund will be included in next year's report.

These assessments are considered to be just and reasonable operating costs for amortization with carrying costs, in the utility's next rate case, provided that case is filed before January 1, 1990.

EXHIBIT B

PUC FUND ACTIVITY BY ACCOUNT FOR FY 1986

<u>Account Name</u>	<u>Amount</u>
<u>General Fund - 1187.1</u>	
Balance Brought Forward From Previous Year	11,066
General Fund Allocation	758,873
Less Expended	749,386
6/30/86 Balance Lapsed To General Fund	20,553
<u>Regulatory Fund - 4187.1</u>	
Balance Brought Forward From Previous Year	87,446
Encumbrances Brought Forward From Previous Year	161,878
Funds Received	1,894,000
Less Expended	1,623,306
Encumbered Balance Brought Forward To FY 1987	266,997
Unencumbered Balance Brought Forward To FY 1987	253,021
<u>Decommissioning Fund - 4187.3</u>	
Encumbrances Brought Forward From Previous Year	300
Less Expended	300
<u>Reimbursement Fund</u>	
<u>Filing Fees - 4187.4</u>	
Balance Brought Forward From Previous Year	82,401
Encumbrances Brought Forward From Previous Year	4,503
Funds Received	20,956
Less Expended	17,645
Refunded to Utilities	63,034
Less deposit correction - s/b Expense Reimbursement	6,225
Encumbered Balance Brought Forward To FY 1987	0
Unencumbered Balance Brought Forward to FY 1987	20,956
<u>Misc. Reimbursements - 4187.6</u>	
Balance Brought Forward from Previous Year	11,021
Funds Received	8,002
Add error correction from Filing Fee account	6,225
Unencumbered Balance Brought Forward To FY 1987	25,248



EXHIBIT C

FY 87 BUDGET & ADJUSTMENTS

	<u>Budget</u>	<u>Brought Fwd.</u>	<u>Adjusted Budget</u>
<u>General Fund - 1187.1</u>			
Positions	(22)		(22)
Personal Services	\$ 742,801	0	\$ 742,801
Consulting	0	0	0
All Other	55,323	0	55,323
Capital	0	0	0
TOTAL	<u>\$ 798,124</u>	<u>0</u>	<u>\$ 798,124</u>
 <u>Regulatory Fund - 4187.1</u>			
Positions	(45)	0	(45)
Personal Services	\$1,304,215	0	\$1,304,215
Consulting	362,343	\$ 254,449*	616,792
All Other	391,332	75,357**	466,689
Capital	21,110	190,212****	211,322
TOTAL	<u>\$2,079,000</u>	<u>\$ 520,018</u>	<u>\$2,599,018</u>
 <u>Renovations Fund - 04187.2</u>			
Capital	250,000	\$ 275,700*****	\$ 521,723
 <u>Reimbursement Fund</u>			
Filing Fees - 4187.4	20,956		\$ 20,956
Misc. - 4187.6	25,248	2,781*****	28,029
TOTAL ALL RESOURCES	<u>\$3,173,328</u>	<u>\$ 798,499</u>	<u>\$3,967,850</u>

\* Encumbered balance brought forward of \$254,449

\*\* Includes unencumbered balance brought forward of \$2,202 and request for part of the excess of 7% in the amount of \$73,155.

\*\*\* Includes encumbered balance brought forward of \$10,346, unencumbered balance brought forward of \$132,580, and request for part of the excess of 7% in the amount of \$47,286.

\*\*\*\* Brought forward from previous year and includes interest earned through 12/86. (\$25,700)

\*\*\*\*\* Revenues earned to 11/86-Requires Financial Order.

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EXHIBIT D

FY 88/FY 89 REGULATORY FUND BUDGET & PROPOSED INCREASES

FY 88

	Budget	Request	Adjusted
Positions	(45)	(45)	(45)
Personal Services	\$1,463,453	0	\$1,463,453
Consulting Services	229,229	140,000	369,229
All Other	375,118		375,118
Capital	<u>11,200</u>	<u>0</u>	<u>11,200</u>
TOTAL	\$2,079,000	\$140,000	\$2,219,000

FY 89

	Budget	Request	Adjusted
Positions	(45)	(45)	(45)
Personal Services	\$1,544,445	0	\$1,544,445
Consulting Services	139,275	230,000	369,275
All Other	385,480	0	385,480
Capital	<u>9,800</u>	<u>0</u>	<u>9,800</u>
TOTAL	\$2,079,000	\$230,000	\$2,309,000

EXHIBIT E

PUC BUDGET IN PERSPECTIVE

	<u>FY 86 Expended</u>	<u>FY 87 Workplan</u>	<u>FY 88 Budget</u>	<u>FY 89 Budget</u>
<u>General Fund</u>				
Positions	(22)	(22)	(22)	(22)
Personal Services	\$684,664	\$742,801	\$821,337	\$851,156
Consultants	0	0	0	0
All Other	53,656	55,323	56,986	58,692
Capital	<u>11,066</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$749,386	\$798,124	\$878,323	\$909,848
<u>Regulatory Fund</u>				
Positions	(41)	(45)	(45)	(45)
Personal Services	\$934,913	\$1,304,215	\$1,463,453	\$ 1,544,445
Consultants	233,992	616,792*	369,229	369,275
All Other	291,976	393,534	375,118	385,480
Capital	<u>16,733</u>	<u>31,456**</u>	<u>11,200</u>	<u>9,800</u>
TOTAL	\$1,477,614	\$2,345,997	\$2,219,000	\$ 2,309,000
<u>Decommissioning Fund</u>	300	0	0	0
<u>Purchase Power Fund</u>	0	0	0	0
<u>Renovations Fund</u>	0	525,700***	0	0
<u>Reimbursement Fund</u>				
Filing fees	17,644	200,000	200,000	200,000
Misc. Reimbursements	0	2,000	50,000	50,000
ALL RESOURCES	<u>\$2,244,944</u>	<u>\$3,871,821</u>	<u>\$3,347,323</u>	<u>\$3,468,848</u>

\* Includes encumbered balance brought forward of \$254,449.

\*\* Includes \$10,346 encumbrance brought forward.

\*\*\* Includes interest earned through 12/86 of \$25,700.

EXHIBIT F

Assessment Detail

For Use in FY	Mailing Date/ Due Date	\$ Annual Revenues Electric	\$ Telecom.	\$ Water	\$ Gas	\$ CBITD	\$ Total Revenues (Utilities)	\$ Assessment Factor	\$ Net Amount Assessed by (PUC)	\$ Gross Assessment
FY 1980	11/79-01/01/80	186,278,293	139,683,694	24,086,603	6,749,736		356,798,326	.00021	74,816 (Nearest \$10)	75,000
FY 1981	05/80-07/01/80	206,762,413	153,652,974	25,465,331	7,374,962		393,255,630	.000381	149,830 (Nearest \$10)	150,000
FY 1982	05/81-07/01/81	216,243,682	165,108,544	28,421,070	8,932,172		418,705,468	.00035824	149,796 (Nearest \$10)	150,000
FY 1982	06/81-08/01/81	216,243,682	165,103,544	28,421,070	8,932,172		418,705,468	.0007165	299,983 (Nearest \$5)	300,000
FY 1983	05/82-07/01/82	462,967,673	182,850,133	32,220,884	14,428,444	803,933	692,471,067	.00187733	1,299,996 (Nearest \$1)	1,300,000
FY 1984	05/83-07/01/83	508,838,895	194,922,674	36,803,237	19,309,123	959,425	760,329,404	.00170366	1,299,999 (Nearest \$1)	1,300,000
FY 1984	06/83-08/01/83	508,838,895	194,922,674	36,939,287	19,308,123	959,425	760,829,404	.0002103	159,984 (Nearest \$1)	160,000
FY 1985	05/84-07/01/84	546,977,166	210,502,523	40,372,798	21,206,118	984,106	820,042,711	.001943801	1,593,904 (Nearest \$1)	1,594,000
FY/1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.002092053	1,893,914 (Nearest \$1)	1,894,000
FY 1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.0002762359	249,999 (Nearest \$1)	250,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0019916011	1,938,997 (Nearest \$1)	1,939,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0002568575	249,993 (Nearest \$1)	250,000
FY 1987	11/86-12/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.000143887018	139,999 (Nearest \$1)	140,000



#### IV. ACTIVITIES IN 1986.

##### 1. Caseload.

At the end of calendar year\* 1985, 126 cases were pending on the Public Utilities Commission Docket. During 1986, 246 new cases were docketed. The number of new cases docketed is somewhat lower than 1985 (254). 88 of the 126 pre-1986 cases and 162 of the 246 new cases were closed during 1986, 4 cases were assigned docket numbers but not initiated. At the end of 1986, 126 cases remained on the Commission's Docket. Thus, in 1986, the Commission closed 243 cases. (See Exhibits G and H)

Exhibit G breaks down Commission activity in 1986 by type of utility and type of Commission initiated action, i.e., investigations and rulemakings.

Exhibit H further details the types of cases that were docketed during 1986.

The following explanations will assist the reader in interpreting these exhibits:

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All references in this chapter are to calendar year(s) unless otherwise noted.

<u>TERM</u>	<u>EXPLANATION</u>
Rates - General	Pursuant to Sections 64 and 69, <sup>1/</sup> the Commission reviews proposed changes in rates. General rate filings involve general increases in rates that significantly affect the utility's revenues. The Commission may suspend these filings for up to nine months. At the end of nine months, in the absence of action by the Commission, these rates become effective by operation of law.
Rates - Limited	Limited rate filings involve minor adjustments to individual tariffs and do not significantly impact on overall utility revenues.
Rates - Temporary	Section 311 empowers the Commission to temporarily alter existing utility rates. This authority allows the Commission to respond quickly to emergency situations.
Rates - Water District	Under Section 72, rate filings by municipal and quasi-municipal water utilities are effective by operation of law unless a valid petition is received.
Rates - Customer-Owned Electric Utilities	Under Section 75 rate filings by customer-owned electric utilities are effective by operation of law unless a valid petition is received.
Security Issuances	Pursuant to Section 171, the Commission must approve the issuance of securities by utilities.
Agreements/Contracts	Pursuant to Section 64 and Section 103, the Commission must approve contracts between utilities and customers. The 1984 figures in this category include principally interruptible service contracts with commercial customers. These contracts permit the utility to terminate service temporarily at times of high demand and/or limited supply.

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<sup>1/</sup>

Unless otherwise noted, all references in these explanations are to sections of 35 M.R.S.A.

Reorganization/Affiliated Interests	Under Sections 104(3) and 104(3-A), the Commission must approve financial transactions between a utility and an affiliated interest as well as utility reorganizations.
Cogeneration Petitions	Under Section 2326, the Commission is required to resolve certain disputes between cogenerators and utilities.
Commission Rulemakings	Section 3 authorizes the Commission to promulgate all necessary rules.
Commission Investigations	Section 296 authorizes the Commission to investigate a utility whenever it believes any rate is unreasonable or that any service is inadequate or for any other appropriate reason.
Commission Delegations	The Commission delegates to its staff certain duties in order to more efficiently accomplish the purposes of the Commission.
Advisory Rulings	Chapter 11, Section 5 of the Commission Rules provide that any interested person may petition the Commission for an advisory ruling with respect to the applicability of any statute or rule administered by the Commission.
Ten-Person Complaints	Section 291 provides for Commission investigation of written complaints signed by ten or more persons made against any public utility.
Purchase/Sale Petitions	Under Sections 211 and 212, the Commission reviews the purchase and sale of an entire utility system and approves abandonment of property or discontinuance of service.



Public Convenience and Necessity

Pursuant to Section 2301(2), a utility [electric, gas or telephone] must seek Commission approval in order to provide service to a city or town in which another utility is already providing, or is authorized to provide service.

Exemptions/Waivers

Pursuant to Chapters 11 & 12 of the Commission Rules, the Commission may grant exemptions or waivers from certain of the Commission's rules.

Cost of Fuel Adjustments

Section 131 requires an electric utility to seek Commission approval at least annually in order to adjust its charges to customers to reflect increases or decreases in the cost of fuel used in the generation and supply of electricity. A fuel adjustment filing triggers a Section 296 investigation. Concurrent with the filing of cost of fuel adjustments, the electric utility must file short-term avoided costs.

Cost of Gas Adjustments

Pursuant to Section 132, a gas utility must seek Commission approval in order to adjust its gas charges to its customers to reflect increases or decreases in the cost of gas.

Conservation

Pursuant to Section 94, utilities may file to recover reasonable costs associated with the implementation of conservation programs.



2. Rate Case Decisions.

In 1986, the Public Utilities Commission decided 8 general rate cases, in which electric, telephone, and water utilities requested increases totaling \$65.5 million.\* The Commission granted \$36.8 million in rate increases and rejected \$28.7 million. Exhibit I presents overall 1986 rate case decision data by utility type. Exhibits J, K, L, and M present specific data on individual rate cases, grouped by utility type. Exhibit N presents data on total rate increases requested and granted for all regulated utilities since 1980.

The exhibits pertaining to electrical rate increases do not reflect changes in fuel charges passed on to consumers. Nonetheless, a significant portion of total electrical billings represent the cost of fuel. For the major electric utilities fuel adjustment changes are processed in accordance with Chapter 34 of the Commission Rules. As Exhibit O indicates, in 1986 fuel revenues accounted for approximately \$222 million of the approximately \$655 million in gross operating revenues for Central Maine Power Company, Bangor Hydro-Electric Company and Maine Public Service Company combined. This exhibit also charts the historic proportionate ratio of fuel revenue to gross revenues for Maine's three largest electric utilities since 1984.

Also, referring to Exhibit O, in 1986 Northern Utilities cost of gas accounted for approximately \$10 million of its \$17.8 million in gross operating revenues.

A large portion of the Commission's work is generally devoted to a small number of cases, usually involving the larger utilities. Exhibit P demonstrates this fact. Of 128 days of hearings held by the Commission in 1986, 43 or 33% of these were devoted to 2 cases.

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These figures are for rate proceedings concluded in 1986. Some of these rate cases were actually filed prior to 1986. The figures do not include proceedings filed in 1986 which were not concluded by the end of the year. Also not reflected in rate case decisions are the 13 municipal and quasi-municipal water utility rate filings pursuant to Section 72. A total of \$6,813,595 was requested and received by operation of law under this section. No valid customer petitions were received [see Exhibit M].

EXHIBIT G

1984 CASE SUMMARY

	<u>Electric</u>	<u>Telecommunication</u>	<u>Gas</u>	<u>Water</u>	<u>Water Carrier</u>	<u>Rulemakings</u>	<u>Investigations</u>	<u>Delegations</u>	<u>Misc.</u>	<u>Total</u>
Cases Pending 12/31/83	68	60	12	40	3	4	0	0	2	189
Cases Docketed in 1984	52	70	36	59	1	13	9	6	1	247
Cases Decided in 1984	64	88	31	79	4	8	5	6	2	287
Cases Pending 12/31/84	56	42	17	20	0	9	4	0	1	149

1985 CASE SUMMARY

Cases Docketed in 1985	45	72	24	74	1	18	14	5	1	254
Cases Decided in 1985	64	72	38	72	0	18	8	5	0	277
Cases Pending 12/31/85	37	42	3	22	1	9	10	0	2	126

1986 CASE SUMMARY

Cases Docketed in 1986	36	90	13	55	13	17	2	6	6	246
Cases Decided in 1986	47	88	9	61	13	15	3	2	8*	246
Cases Pending 12/31/86	26	44	7	16	1	8	24	0	0	126

\* 5 of these cases were assigned docket numbers but not initiated.

EXHIBIT H

1986 Cases Docketed

Type	Filings						Comm. Initiated
	Electric	Gas	Telecom.	Water	Water Carrier	Others	
Rates - Limited	4	1	57	16	3		
Rates - General			1	4	1		
Rates - Temporary							
Rates - Water District (\$72)				10			
Rates - Customer Owned Electric (\$75)							
Securities Issues	5		4	14	1		
Agreements/Contracts	2	1	12				
Reorganizations/Affiliated Interests	1	3	8	1			
Cogeneration Petitions	4						
Commission Rulemakings							14
Commission Investigations			1				17
Commission Delegations							2
Advisory Rulings	3	1	2	1	1		
Ten-Person Complaints	1		1	3			
Purchase/Sale Petitions							
Public Convenience & Necessity	3		4		7		
Exemptions/Waivers - Rules	3			3			
Cost of Fuel Adjustments	4						
Cost of Gas Adjustments	3						
Conservation	3	2					
Others	3	2		3		* 5	1
	36	13	90	55	13	5	34
							= 246

\* Docket Numbers assigned to cases not yet initiated.



EXHIBIT I

PUC Rate Cases Decided in 1986

<u>Category</u>	<u>Cases</u>	<u>Requested</u>	<u>Granted</u>	<u>Difference</u>
Electric	4	\$ 62,236,010	\$33,847,299	\$28,388,711
Telephone	1	44,695	0	44,695
*Water (Investor Owned)	3	3,235,519	2,916,984	318,535
Gas	<u>0</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	<u>8</u>	<u>\$ 65,516,224</u>	<u>\$36,764,283</u>	<u>\$28,751,941</u>

\* There were 13 Municipal and Quasi-municipal Section 72 rate filings not included here. They were effective by operation of law in the absence of a valid customer petition. (see Exhibit M)

EXHIBIT J

ELECTRIC RATE CASES DECIDED IN 1986

	Amount Requested	Amount Allowed	Return on Rate Base	Return on Equity
Central Maine Power Docket No. 85-212	\$39,379,000 (Phase I) \$20,640,000 (Phase II) <u>\$60,019,000</u>	\$32,400,000 <sup>1/</sup>	11.5% N/A	13.25% N/A
Maine Public Service Dockets No. 84-80 - 84-113	\$ 2,100,000	\$ 1,332,764 <sup>2/</sup>	12.37%	14.25%
Fox Island Coop. Docket No. 85-104	\$ 107,469	107,469	N/A	N/A
Matinicus Plantation Docket No. 85-227	\$ 9,541	7,066	N/A	N/A
	<u>\$62,236,010</u>	<u>\$33,847,299</u>		

<sup>1/</sup> A fuel clause decrease of \$55,000,000 was implemented simultaneously.

<sup>2/</sup> A fuel clause decrease of \$2,449,146 was implemented simultaneously.

EXHIBIT K

TELEPHONE RATE CASES DECIDED IN 1986

<u>Company</u>	<u>Docket Number</u>	<u>Amount Requested</u>	<u>Amount Granted</u>	<u>Overall Return</u>	<u>Return on Equity</u>
West Penobscot Tel. Co.	86-27	\$ 44,695	\$ -0- (Case Withdrawn)	N/A	N/A
		<u>\$ 44,695</u>	<u>\$ -0-</u>		



EXHIBIT L

INVESTOR OWNED WATER UTILITY  
RATE CASES DECIDED IN 1986

<u>Docket No.</u>	<u>Utility</u>	<u>Amount Requested</u>	<u>Amount Allowed</u>	<u>Return on Rate Base</u>	<u>Equity</u>
85-154	Biddeford & Saco	\$2,701,614	\$2,415,328	11.0 %	12.0 %
85-193	Houlton Water Co.	449,119	422,002	7.073%	5.62%*
86-68	Winter Harbor Water Co.	84,786	79,654	11.6 %	N/A
		<u>\$3,235,519</u>	<u>\$2,916,984</u>		

\* Represents the Town of Houlton's cost of debt. The Town of Houlton owns all of the stock.

EXHIBIT M

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES  
 RATE CASES PURSUANT TO §72  
 EFFECTIVE IN 1986

Docket No.	Utility	Proposed Revenue	Increase Over Prior Year	% Increase
85-244	Augusta Water District	\$1,379,280	\$ 132,111	10.6
85-252	West Paris Water District	35,099	7,576	27.53
85-253	Bangor Water District	1,937,768	304,397	18.64
85-217	Southport Water System	121,435	93,511	335.00
86-26	New Sharon Water District	13,115	3,710	40.00*
86-39	Mechanic Falls Water Dept.	162,687	27,140	20.02
86-56	Sabattus Water District	60,100	10,261	20.60
86-91	Yarmouth Water District	263,730	86,806	49.06
86-144	Kittery Water District	1,790,250	760,122	73.70
86-147	Mexico Water District	239,400	42,116	21.35
86-185	Milo Water District	170,000	35,112	26.00
86-190	Orono-Veazie Water District	585,846	102,492	21.20
86-229	Eagle Lake Water & Sewer Dist.	54,885	12,171	28.49
		<u>\$6,813,595</u>	<u>\$1,617,525</u>	

\* Rates only increased by 15% - a new fixture survey accounts for the balance of the increase in revenues.

EXHIBIT N

PUC RATE CASE DECISIONS 1980-1986  
(All Utility Categories)\*

<u>Year</u>	<u>Rate Increases Requested</u>	<u>Rates Allowed</u>	<u>Difference</u>
1980	\$ 60.6 million	\$37.4 million	\$23.2 million
1981	\$ 94.2 million	\$60.6 million	\$33.6 million
1982	\$140.5 million	\$75.1 million	\$65.4 million
1983	\$120.5 million	\$39.0 million	\$81.5 million
1984	\$ 61.1 million	\$29.1 million	\$32.0 million
1985	\$130.2 million	\$70.4 million	\$59.8 million
1986	\$ 65.5 million	\$36.8 million	\$28.7 million

\*

All data pertains to rate cases concluded in years listed. Data presented by years are not directly comparable. Data presented does not include fuel adjustment increases depicted in Exhibit O.



EXHIBIT 0

FUEL IN ELECTRIC RATES  
(\$000)

<u>Company</u>	<u>1984 Gross Revenue</u>	<u>1984 Fuel Revenue</u>	<u>1984 Fuel %</u>	<u>1985 Gross Revenue</u>	<u>1985 Fuel Revenue</u>	<u>1985 Fuel %</u>	<u>% Change in Fuel Revenue</u>	<u>1986 Gross Revenue</u>	<u>1986 Fuel Revenue</u>	<u>1986 Fuel %</u>	<u>% Change in Fuel Revenue</u>
Central Maine Power	\$514,682	\$250,736	48.7	\$534,734	\$237,962	44.5	( 5.1)	\$508,809	\$171,432	33.7	(28.0)
Bangor Hydro-Electric	95,194	46,897	49.3	98,430	46,255	47.0	( 1.4)	102,608	36,609	35.7	(20.9)
Maine Public Service	34,206	12,427	36.3	40,105	14,378	35.6	(15.7)	43,432	13,795	31.8	( 4.1)
	<u>\$644,082</u>	<u>\$310,060</u>	<u>48.1</u>	<u>\$673,269</u>	<u>\$298,595</u>	<u>44.4</u>	<u>( 3.7)</u>	<u>\$654,849</u>	<u>\$221,836</u>	<u>33.9</u>	<u>(25.7)</u>

COST OF GAS ADJUSTMENT IN NATURAL GAS RATES  
(\$000)

<u>Company</u>	<u>1984 Gross Revenue</u>	<u>1984 Gas Cost</u>	<u>1984 % Gas</u>	<u>1985 Gross Revenue</u>	<u>1985 Gas Cost</u>	<u>1985 % Gas</u>	<u>% Change in Gas Revenue</u>	<u>1986 Gross Revenue</u>	<u>1986 Gas Cost</u>	<u>1986 % Gas</u>	<u>% Change in Gas Cost</u>
Northern Utilities	\$20,518	\$13,757	67.0	\$19,213	\$12,201	63.5	(11.3)	\$17,818	\$10,044	56.4	(17.7)

EXHIBIT P

Days of Hearings Held in 1986

Central Maine Power Rate Design (86-2)	20
Central Maine Power Rate Case (85-212)	<u>23</u>
TOTAL	<u>43</u>
Other than major cases.	<u>85</u>
TOTAL	<u>128</u>

3. Consumer Assistance Division.

Customer complaints/contacts received by the Consumer Assistance Division (CAD) vary widely from requests for information to complicated complaints regarding line extensions. Some requests for information may take a relatively short time to resolve, while the more complicated cases may take months, including many hours of staff time. In each case received by the CAD, the staff first directs the customer to contact the utility, if that has not already been done. Second, the staff works with the utility and the customer to resolve each individual problem. If the utility and the customer cannot agree to a resolution, CAD has the authority to dictate a resolution which can then be appealed to the Commission. In addition, the CAD analyzes the cases to identify utility practices that need to be corrected. Problem areas are brought to the attention of the utility for appropriate resolution.

The CAD may provide testimony in rate case or quality of service proceedings with regard to a utility's consumer practices. In addition, the Division may recommend that cases involving willful or reckless violations of the Commission Rules by a utility be taken to Administrative Court pursuant to 35 M.R.S.A. §314. Finally, the Division may recommend the Commission order an audit of a utility's customer services program pursuant to 35 M.R.S.A. §18.

On December 31, 1985, 168 cases were pending in CAD. During calendar year 1986, the Division received 5,127 customer complaints/contacts. 4,887 cases were closed, leaving 240 cases pending on December 31, 1986. A detailed breakdown of these cases is presented in Exhibits Q and Q1 through Q4. These cases are not included within the Commission's caseload statistics presented in the previous sections, except in rare instances where an appeal from a CAD decision to the Commission is docketed.

In addition to assisting customers with a variety of service, billing, disconnect, deposit and other concerns, the Division was involved in adjusting/waiving customer charges in 107 cases in calendar year 1986. As a result, the utilities involved returned a total of \$18,186.43 in refunds and credits to customers. A breakdown of this data by type of utility is included in Exhibit R.

Exhibit S reviews the caseload figures since 1980 and the customer charges adjusted/waived since 1981.



Under Chapter 81 of the Commission Rules, electric and gas utilities are prohibited from disconnecting customers who meet certain income eligibility criteria during the winter months, unless permission is granted by CAD. Customers who are unable to pay their bills during the winter months are permitted to enter into a special payment arrangement with the utility and, thereby, spread their payments over the summer months. All back bills must be paid prior to November 1st. A summary of activity under the Winter Disconnect Rule for the winter of 1985-86 is included in Exhibit T. The Division received 2,236 requests from utilities to disconnect customers. 878 of these requests were granted, generally because the premises were vacated or the customer refused all efforts to achieve personal contact. 130 requests were denied, and 1,228 requests were withdrawn by the utilities.

While the 1986 contact/complaint statistics show an 18% increase over 1985, this is primarily due to a 156% increase in utility requests for permission to disconnect under the Winter Disconnection Rule. Contacts or complaints other than those submitted under the Winter Rule dropped from 3,478 in 1985 to 2,891 in 1986. Winter Rule requests for disconnection rose from 873 in 1984-1985 to 2,236 in 1985-1986.

EXHIBIT Q

1986 GRAND TOTAL CONTACTS CLOSED  
(Telephone, Electric, Water & Gas)

	<u># Total Company Contacts</u>
<b>I. <u>Service</u></b>	
S1 Request for New Service .....	222
S2 Request for Service Repairs .....	269
S3 Service Charges/High Usage .....	131
S4 Line Extensions .....	95
S5 Directory Listings .....	26
S6 Extended Area Service .....	5
S7 Outages .....	30
S8 Meter Checks .....	7
S9 Local Measured.....	34
	<u>819</u>
<b>II. <u>Billings</u></b>	
B1 Payment Arrangements .....	101
B2 Overbilled .....	101
B3 Underbilled .....	5
B5 Cost - Aid in Construction .....	3
B6 Mileage .....	0
B7 Request for or Granted Rebate .....	10
B8 Fuel Adjustment .....	0
B9 Estimated Billings/Budget Payment Plan .....	10
	<u>230</u>
<b>III. <u>Disconnect</u></b>	
D1 Notices .....	476
D2 Disconnections .....	339
D3 Utility Winter Disconnect Waivers .....	2,236
D4 Improper Disconnections .....	22
	<u>3,073</u>
<b>IV. <u>Deposits</u></b>	
P1 Request for .....	57
P2 Payment of .....	6
P3 Request for Refund .....	14
	<u>77</u>
<b>V. <u>Miscellaneous</u></b>	
M1 General Protest .....	215
M2 Customer Owned Equipment .....	4
M3 Request for Waiver .....	15
M5 General Information .....	319
M6 Hearing Request .....	3
	<u>556</u>
<b>VI. <u>Special Files</u></b>	
CLP Conservation Loan Program .....	2
U Unregulated Areas (Cable TV, Sewers, etc.) .....	129
Casco Bay Island Transit District.....	1
Cases Pending 12/31/85	168
Total Cases Received 1986	5,127
Cases Closed 1986	4,887
Cases Pending 12/31/86	240

1986 TOTAL ELECTRIC CLOSED

<u>I. Service</u>	<u># Total Company Contacts</u>
S1 Request for New Service .....	111
S2 Request for Service Repairs .....	88
S3 Service Charges/High Usage .....	50
S4 Line Extensions .....	64
S5 Directory Listings .....	0
S7 Outages .....	23
S8 Meter Checks .....	4
	<hr/> 340
 <u>II. Billings</u>	
B1 Payment Arrangements .....	64
B2 Overbilled .....	31
B3 Underbilled .....	4
B5 Cost - Aid in Construction .....	2
B7 Request for or Granted Rebate .....	10
B8 Fuel Adjustment .....	0
B9 Estimated Billings/Budget Payment Plan .....	0
	<hr/> 111
 <u>III. Disconnect</u>	
D1 Notices .....	375
D2 Disconnections .....	268
D3 Utility Winter Disconnect Waivers .....	2,094
D4 Improper Disconnections .....	9
	<hr/> 2,746
 <u>IV. Deposits</u>	
P1 Request for .....	49
P2 Payment of .....	4
P3 Request for Refund .....	10
	<hr/> 63
 <u>V. Miscellaneous</u>	
M1 General Protest .....	86
M2 Customer Owned Equipment .....	0
M3 Request for Waiver .....	8
M5 General Information .....	167
M6 Hearing Request .....	0
	<hr/> 261
 <u>VI. Special Files</u>	
CLP Conservation Loan Program .....	2

Total 3523 = 72% of Total  
Closed Contacts



EXHIBIT Q-2

1986 TOTAL TELEPHONE CLOSED

<u>I. Service</u>	<u># Total Company Contacts</u>
S1 Request for New Service .....	94
S2 Request for Service Repairs .....	141
S3 Service Charges/High Usage .....	60
S4 Line Extensions .....	17
S5 Directory Listings .....	25
S6 Extended Area Service .....	5
S7 Outages .....	6
S8 Meter Checks .....	0
S9 Local Measured Calling .....	34
	<u>382</u>
<u>II. Billings</u>	
B1 Payment Arrangements .....	32
B2 Overbilled .....	57
B3 Underbilled .....	1
B5 Cost - Aid in Construction .....	1
B6 Mileage .....	0
B7 Request for or Granted Rebate .....	0
B8 Fuel Adjustment .....	0
B9 Estimated Billings/Budget Payment Plan .....	4
	<u>95</u>
<u>III. Disconnect</u>	
D1 Notices .....	73
D2 Disconnections .....	52
D3 Utility Winter Disconnect Waivers .....	0
D4 Improper Disconnections .....	10
	<u>135</u>
<u>IV. Deposits</u>	
P1 Request for .....	8
P2 Payment of .....	0
P3 Request for Refund .....	3
	<u>11</u>
<u>V. Miscellaneous</u>	
M1 General Protest .....	102
M2 Customer Owned Equipment .....	4
M3 Request for Waiver .....	7
M5 General Information .....	121
M6 Hearing Request .....	1
	<u>235</u>

Total 858 = 17% of Total Closed Contacts

1986 TOTAL WATER CLOSED

<u>I. Service</u>	<u>Total Company Contacts</u>
S1 Request for New Service .....	14
S2 Request for Service Repairs .....	39
S3 Service Charges/High Usage .....	19
S4 Line Extensions .....	14
S7 Outages .....	1
S8 Meter Checks .....	2
	<u>89</u>
<u>II. Billings</u>	
B1 Payment Arrangements .....	2
B2 Overbilled .....	5
B3 Underbilled .....	0
B5 Cost - Aid in Construction .....	0
B7 Request for or Granted Rebate .....	0
B8 Fuel Adjustment .....	0
B9 Estimated Billings/Budget Payment Plan .....	2
	<u>9</u>
<u>III. Disconnect</u>	
D1 Notices .....	20
D2 Disconnections .....	12
D3 Utility Winter Disconnect Waivers .....	0
D4 Improper Disconnections .....	3
	<u>35</u>
<u>IV. Deposits</u>	
P1 Request for .....	0
P2 Payment of .....	0
P3 Request for Refund .....	1
	<u>1</u>
<u>V. Miscellaneous</u>	
M1 General Protest .....	22
M2 Customer Owned Equipment .....	0
M3 Request for Waiver .....	0
M5 General Information .....	30
M6 Hearing Request .....	2
	<u>54</u>

Total 188 = 3.96% of Total  
Closed Contacts

1986 TOTAL GAS CLOSED  
(Northern Utilities)

I. <u>Service</u>	<u># Total Company Contacts</u>
S1 Request for New Service .....	3
S2 Request for Service Repairs .....	1
S3 Service Charges/High Usage .....	2
S4 Line Extensions .....	0
S7 Outages .....	0
S8 Meter Checks .....	1
	<u>7</u>
II. <u>Billings</u>	
B1 Payment Arrangements .....	3
B2 Overbilled .....	8
B3 Underbilled .....	0
B5 Cost - Aid in Construction .....	0
B7 Request for or Granted Rebate .....	0
B8 Fuel Adjustment .....	0
B9 Estimated Billings/Budget Payment Plan .....	4
	<u>15</u>
III. <u>Disconnect</u>	
D1 Notices .....	8
D2 Disconnections .....	7
D3 Utility Winter Disconnect Waivers .....	142
D4 Improper Disconnections .....	0
	<u>157</u>
IV. <u>Deposits</u>	
P1 Request for .....	0
P2 Payment of .....	2
P3 Request for Refund .....	0
	<u>2</u>
V. <u>Miscellaneous</u>	
M1 General Protest .....	5
M2 Customer Owned Equipment .....	0
M3 Request for Waiver .....	0
M5 General Information .....	1
M6 Hearing Request .....	0
	<u>6</u>

Total 187 = 3.94% of Total  
Closed Contacts



EXHIBIT R

CUSTOMER CHARGES ADJUSTED/WAIVED 1986

<u>TELEPHONE:</u>	(56 Customers)	\$ 9,868.68
<u>ELECTRIC:</u>	(46 Customers)	7,998.81
<u>WATER:</u>	(4 Customers)	306.73
<u>GAS:</u>	(1 Customer)	12.21
<u>NON REGULATED:</u>		<u>- 0 -</u>
TOTAL:		\$ 18,186.43

EXHIBIT S

CONSUMER ASSISTANCE DIVISION  
COMPLAINTS/CONTACTS 1980-1986

<u>Year</u>	<u>Number of Complaints</u>
1980	3,359
1981	4,673
1982	4,811
1983	4,428
1984	5,741
1985	4,351
1986	5,127

CUSTOMER CHARGES ADJUSTED/WAIVED 1981-1986

<u>Year</u>	<u>Amount</u>
1981	\$ 61,703.71
1982	\$ 60,606.24
1983	\$ 94,934.70
1984	\$123,041.48
1985	\$ 52,594.40
1986	\$ 18,186.43

EXHIBIT T

CONSUMER ASSISTANCE DIVISION  
UTILITY WINTER WAIVER REQUESTS TO DISCONNECT

1985-1986

	<u>Request to Disconnect</u>	<u>Request Granted</u>	<u>Request Denied</u>	<u>Request Withdrawn*</u>
Central Maine Power	1,661	663	103	895
Bangor Hydro-Electric	248	109	6	133
Maine Public Service	13	7	0	6
Eastern Maine Electric	121	32	2	87
Van Buren Light & Power	4	1	0	3
Madison Electric Dept.	37	6	19	12
Stonington/DeerIsle	<u>10</u>	<u>8</u>	<u>0</u>	<u>2</u>
Electric Season Totals	2,094	826	130	1,138
Gas Season Totals	<u>142</u>	<u>52</u>	<u>0</u>	<u>90</u>
<u>TOTALS</u>	2,236	878	130	1,228

\* Requests were "withdrawn" when the customer contacted the utility and made a payment arrangement after the request was submitted to the Consumer Assistance Division but before the expiration of the 10-day period for CAD review and decision.



4. Municipal Water Departments and Quasi-Municipal Water District Reserve Funds.

The Joint Standing Committee on Utilities requested that the Commission include in its Annual Report information on water districts' accumulation of funds in their contingency reserves, the disposition of such funds, and the existence and disposition of any "excessive" amounts in such reserves. Because of the accounting instructions in Chapter 67 of the Commission's Rules, contingency funds are lumped together with other reserves; and excess funds are lumped together with sinking fund reserves. Therefore, it is not possible to separately identify contingency and excess reserves. In light of this problem, and along with the change to a new system of accounts effective January 1, 1987, the Commission will initiate a rulemaking proceeding which would enable identification of these reserves.

The Commission has developed figures for each district which compare total surplus with total surplus plus debt (total capitalization). Of the 109 water districts that report to the Commission, the average earned ratio of surplus to total capitalization is 39%. This is a very high number. As a point of reference 35 M.R.S.A. Section 77 limits surplus to 20% of total capitalization for electric cooperatives. 35 M.R.S.A. Section 77 also requires electric districts to reduce rates if the contingency reserve fund exceeds 5% of the yearly revenues required to operate the utility.

The definition of excessive surplus will be the subject of an upcoming rulemaking. At present the Staff is proposing that surplus over 25% of total capitalization is excessive. Surplus is ratepayer money necessary to provide a cushion for bondholders. Surplus should not exceed the level of comfort bondholders normally require because it is generally cheaper for ratepayers to provide revenues to cover tax exempt bond interest payments than to provide revenues to build up surplus that yields no interest.

5. One-Year Prohibition on Rate Filings.

35 M.R.S.A. §64, second paragraph, was amended by P.L. 1983, c. 19 )L. D. 212, "An Act to Clarify the Time During Which a Utility is Restricted From Filing a Rate Case Under the Public Utility Law") to provide that the one-year prohibition on rate filings would not apply where the proceeding initiated by the prior filing was terminated without a final determination of the utility's revenue requirement. The Committee directed the Commission to include in its Annual Report a report on how many cases occurred in which a rate case was dismissed and the utility subsequently refiled within less than one year pursuant to this legislation.

The Commission reports that during 1986 (as in 1983, 1984 and 1985) and through the date of this Report, there were no rate case filings initiated by a utility pursuant to L. D. 212 within less than one year of a prior rate filing that was terminated without a final determination of the utility's revenue requirement.

Unless the Committee directs otherwise, and unless there is activity in this area, the Commission will discontinue its annual report of activity under this provision.



6. Conservation Programs.

This section reviews the status of energy conservation programs sponsored by Maine utilities and the impact of these programs on Maine ratepayers.

On March 4, 1986, the Commission amended its conservation cost recovery rule (Chapter 37 - Energy Conservation Adjustment for Electrical Utilities). Utilities are now encouraged to recover conservation costs as part of a general rate case rather than through the separate energy conservation adjustment, and the separate recovery normally will not be allowed unless the utility's annual earnings fall short of its authorized rate of return.

On November 12, 1986, the Commission proposed a new rule (Chapter 38) which would provide a standard of cost-effectiveness for electric utility energy management programs. This new rule would authorize and encourage electric utilities to invest in energy conservation programs whenever they cost less than equivalent energy generation or purchase. Since the costs and benefits of conservation may be measured in a variety of ways, the parties to this rulemaking were actively discussing at year's end the technical details of the proposed standard. The new rule should be in place early in 1987. If it works as intended, electric utilities will face fewer impediments and stronger incentives to promote cost-effective energy conservation.

Central Maine Power Company. Vigorous activity continued in CMP's residential "Bundle Up" package of water heater insulation and related measures aimed at low-cost conservation of electric water heating energy. Some 15,000 customers joined more than 57,000 who had taken part in prior years. To reduce the bills of customers with electric space heat, CMP offered a package of caulking, weatherstripping, insulating and similar weatherization measures. Over 700 low-income customers took this service at no charge, while another 600 homes were weatherized in a pilot program that tested customer reaction to three different package prices. A related program made shared-savings payments to electric heat customers who did their own weatherization contracting. The experience gained in these pilot programs resulted in a single, full-scale program of weatherization and insulation measures which the Commission approved at year's end. In both end-use areas, domestic hot water and space heating, the revised programs incorporate administrative changes designed to expedite their delivery to low-income customers.



In a major effort to promote energy-efficient design and construction of new homes, CMP's "Good Cents Home" program certified 134 dwellings that met its standard of efficiency. Several hundred more homes under construction are candidates for certification; and the utility plans to accelerate this program during 1987. Other residential customers have made use of energy audits, appliance rebates, and conservation loans. Of these, the audits have been the most popular. CMP performed more than 12,000 of the federally-mandated Residential Conservation Service (RCS) audits. The Company also offered two other, less formal residential audits of its own design in a pilot program which reached about 1,500 customers. More than 7,000 rebates were granted to encourage the purchase of energy-efficient home appliances, primarily refrigerators, in two pilot programs. Concluding from its study that appliance rebates did not have much effect on consumer choice, and considering new and proposed state and federal appliance efficiency standards, CMP will limit its 1987 work in this area to an information program. Low-interest loans to finance a variety of conservation measures, one of the earliest approaches to utility-sponsored conservation, appeared to be the least attractive program, with only 16 residential and 11 commercial loans closed. At year's end, the Commission ordered the interest rate reduced from 6% to 3%, with no interest charge for eligible low-income residential customers.

Several programs aim at boosting the energy efficiency of commercial and industrial customers, who together consume approximately 64% of CMP's energy sold. The building audits, water heater "Bundle Up", and conservation loans discussed above were offered to commercial customers, but did not reach large numbers. A continuing pilot program offers two types of rebates for money spent on lighting efficiency, as well as rebates for high-efficiency replacement motors.

Beyond lighting and motors, the conservation and load management opportunities of large industrial customers are apt to require individual design and analysis. To find out how best to encourage such efforts, two pilot programs are underway. In one, CMP solicits customer proposals for efficiency investments which, in effect, are an offer to sell the resulting energy savings back to the utility at a price below the utility's cost of service. In the other, CMP participates in the design of the measure and shares the resulting savings. Experience with these particular commercial and industrial program designs is not yet sufficient to draw clear conclusions about their cost-effectiveness.

Following the conclusion of each pilot program, CMP conducts a formal evaluation. Most of these studies will be completed during 1987, and should provide the data and experience



upon which to build a permanent, diversified, full-scale effort in utility-sponsored conservation and load management.

CMP recovered \$1,936,496 in 1986 for expenditures authorized under the Chapter 37 Energy Conservation Adjustment. As noted above, current Commission rules and practice will shift recovery of most future conservation expenditures to general rate cases, reserving Chapter 37 recovery for pilot or experimental programs and other special cases. For 1986, CMP was authorized to collect approximately \$1,250,000 through base rates for energy conservation programs.

Bangor Hydro-Electric Company. The residential electric water heater conservation package was the most popular of several programs offered by Bangor Hydro. With 4,034 installations in 1986, nearly 10,000 customers have received this "Wrap Up" service since the program began in 1984. The "Seal Up" program for weatherizing electrically-heated homes showed very little activity, with only 50 customers served. The RCS residential audit analyzed energy use in about 1,000 homes, and five residential audit customers got low-interest loans to pay for conservation measures. Perhaps the most visible of the residential programs was "Energy House", an historic building in Bangor which serves to demonstrate and promote energy conservation techniques and equipment, and also houses the utility's energy management staff. About 500 visitors toured the building in late fall, following its opening in October.

Commercial and industrial customers, who together consume 65% of the energy sold by Bangor Hydro, have yet to be reached in significant numbers by the utility's programs. In 1986, the company completed 13 audits of commercial buildings and made 46 rebates for lighting efficiency and 11 rebates for high-efficiency motor purchases. There was no activity in the Company's low-interest financing program for conservation investments by commercial customers. Bangor Hydro has recently redesigned its commercial audit program and plans to use it more actively as a tool for promoting and marketing conservation measures to commercial customers.

Bangor Hydro recovered \$782,249 through the Energy Conservation Adjustment in 1986.

Maine Public Service Company. At year's end, more than 8,000 customers had taken part in the water heater insulation jacket program. This is about 84% of the Company's electric water heating customers. Approximately 500 customers got rebates on their purchases of energy-efficient appliances, mainly refrigerators. A lighting efficiency rebate program for commercial customers is currently under review by the utility and the Commission.

Maine Public Service has not applied for separate recovery of its conservation program costs.

Northern Utilities. In 1986 nearly 1,000 gas customers received water heater jackets, piping insulation, and low-flow faucet aerators and showerheads, bringing to over 3,500 the number of these installations made since the Commission ordered this hot water conservation program in 1984. Northern also continues its program under which former gas customers with existing connected gas lines are offered a free gas hot water heater and conservation package, thus avoiding the cost of disconnection.

In addition to the programs discussed above, Commission orders promoted conservation and load management in several other ways. The three largest electric utilities have undertaken a study of residential water heater control systems that would help avoid new generating capacity by shifting some water heating away from the most expensive, peak-usage time periods. The utilities will analyze a variety of such systems and may propose full-scale programs in 1987.

The Kennebunk Light and Power District has already completed such a study and at year's end had installed controls on about 300 of its customers 1500 electric hot water heaters. For each 100 water heaters controlled in this way Kennebunk can reduce its peak-period demand by about 60 kilowatts.



7. Violations and Penalties Relating to Disconnection and Deposit Rules

35 M.R.S.A. §314 paragraph 4 provides that the Commission may bring an action in Administrative Court against a public utility that has willfully or recklessly violated Chapters 81, 86, or 87 of the Commission's rules. This statute became effective on July 25, 1984. The Commission has notified all Maine utilities subject to its jurisdiction of the existence of this statute and that it will not hesitate to file actions in Administrative Court in instances in which there are sufficient facts to justify doing so. The Commission has also notified the utilities of the standard the Commission will apply in determining whether a violation of Commission's rules has been willful or reckless. There was no activity pursuant to this provision in 1986.

## V. 1986 IN REVIEW

In 1986 the Commission devoted a large portion of its resources to resolving the Central Maine Power Company and Bangor Hydro-Electric Company rate design cases. Three Maine utilities terminated their involvement in the Seabrook Nuclear Power Project; and the referendum prohibiting Local Measured Service was enacted. Further details on these and other matters are included below.

### Electric Rate Design Reform

In 1979, the Legislature enacted the Electric Rate Reform Act, Title 35, Chapter 4-A (ERRA). The ERRA required "the Public Utilities Commission to relate electric rates more closely to the costs of providing electric service." 35 M.R.S.A. §92. As part of this mandate, the Commission was required to consider rates which "reflect marginal costs of services at different voltages, times of day or seasons of the year and including long run marginal costs associated with the construction of new electric generating facilities." §93(2). The Commission is also required to order a scheduled phasing-in of the rate design improvements, giving due consideration to rate design stability and the need for utilities to meet their revenue requirements. §94(1).

The Commission and the major electric utilities of Maine have been engaged for a number of years in studies of the utilities' cost of service, both on embedded and marginal bases;<sup>1/</sup> and in studies of ways to reflect marginal cost principles in rate design. Great progress was made in 1986; the State's two largest electric utilities, Central Maine Power Company and Bangor Hydro-Electric Company,<sup>2/</sup> have now implemented new rate structures designed to track their costs more accurately. For both utilities, an in-depth series of studies, filings and hearings ultimately led to stipulations which were supported by the utilities, the PUC Staff, the Public Advocate, and a broad cross section of business and residential electric customers. The results for both utilities are similar. The more significant results are as follows:

<sup>1/</sup> Embedded costs reflect a utility's average cost of producing electricity. Marginal costs reflect a utility's cost of producing additional electricity to meet growth in demand.

<sup>2/</sup> Now that rate design issues for Central Maine Power Company and Bangor Hydro-Electric Company has been largely resolved, the Commission has initiated a review of Maine Public Service Company's rate design.



- In general, the agreed upon studies show that residential rates were slightly low (1 to 2 percent) compared to the cost of serving the residential class; small business rates were significantly high (10 percent or more) compared to their cost of service; and industrial rates were lower than their cost of service. As a result, residential rates saw a slight increase and industrial rates a more substantial increase while small business rates were reduced. These changes are being phased in for both Central Maine Power Company and Bangor Hydro-Electric Company on an agreed upon schedule.
  
- Over the next few years, many customers will be moved to rates which vary seasonally and/or by time-of-day. This will be implemented for all classes of customers who impose different costs on the system depending on the time of year or time of day they are using electricity. This includes large industrial, commercial and residential users. Due to technical limitations and in order to permit an orderly transition, time of use rates will be phased in over a several year period.
  
- Hook-up charges were adopted for new or upgraded residential customers who opt for service at more than the standard 100 amp level. This was adopted pursuant to the policy of having prices reflect costs to encourage conservation, discourage expensive load growth, and ensure that the price of electricity will be minimized in the long run. Services of over 100 amps are generally installed to allow customers to use electric heat; and electric heat customers are very likely to use a disproportionately high amount of electricity when production is most expensive. A hook-up charge is a desirable way to deal with this because it targets new, not existing, space heat installations and because the individual who decides whether or not to install electric heat is often the developer or builder. Therefore, rather than attempt to recover all of the additional cost of electric space heat through charging a special higher rate to space heat customers, some of the additional costs of providing the electricity will be imposed "up front," through a one-time hook-up fee. This hook-up fee will be either \$300 or \$600, depending upon whether the new home incorporates energy efficiency designs which mitigate the impact on the system of using electric space heat. The hook-up charges collected will be returned to the customer class over time. A typical new electrically heated house requires about 12 kw of



resistance electric heat elements. New generating capacity costs Maine's electric utilities between \$300 and \$1700 per kw. Thus a typical new electrically heated home increases costs by about \$12,000 or 20 times the hook-up fee.

#### Electric Utility Fuel Adjustment Clause

The rates of Maine's three major electric utilities, Central Maine Power Company, Bangor Hydro-Electric Company, and Maine Public Service Company, contain a Fuel Adjustment Clause. The Fuel Adjustment Clause provides for the recovery of the electric utility's fuel and purchase power costs by a ratemaking method different than that which applies to all other utility costs.

Traditional ratemaking is conducted in the context of a rate case in which the utility's future annual costs are determined. Rates are then set which are designed to produce revenues equal to those costs. If the rates exceed or fall short of the projected costs, a subsequent rate case is required to change the rates on a prospective basis. Any of the over-recovery or under-recovery of costs which occurs between rate cases is not to be recovered in future rates. If the utility's costs exceed its revenues, the utility's shareholders bear the burden of under-recovery. If the utility's revenues exceed its costs, the shareholders receive the benefit. Thus, there is a significant incentive for the utility to operate efficiently so as to minimize its costs.

The Fuel Adjustment Clause differs significantly from the traditional method by requiring a dollar-for-dollar recovery of all fuel and purchase power costs including past over-recoveries or under-recoveries, with interest. Thus, the traditional incentive for a utility to minimize costs does not exist; and, a preference for energy sources which may be recoverable through the fuel clause (rather than more economic but potentially riskier sources which would be recovered under traditional ratemaking methods) may exist.

Declining oil prices in early 1986, caused Maine's electric utilities to experience a significant decrease in fuel cost in comparison to the estimates upon which their fuel clause adjustments had been based. Although the Commission's rules require that any over-collections under the fuel clause will be returned to customers with interest in the next twelve-month fuel clause, the Commission, utilities, and Legislature became concerned with the magnitude of the ongoing over-collections. On April 12, 1986, the Legislature adopted a resolution to "request that the Public Utilities Commission order the prompt reduction in the fuel adjustment rates of Central Maine Power Company, Bangor Hydro-Electric Company and Maine Public Service and that this reduction be reflected in customer rates by May 19, 1986."



The May 19 deadline was based on assumptions that utilities would file new Fuel Adjustment Clauses for the Commission's review immediately and that no significant procedural or substantive issues would be introduced or hearings required which might delay the processing of the cases. Unfortunately, as is often the case, such assumptions were disproved by actual events. The following table displays the schedule upon which the Fuel Adjustment Clauses were adjusted:

<u>Util.</u>	<u>Docket No.</u>	<u>FAC Filed</u>	<u>Hearing</u>	<u>Decision</u>	<u>Effective Date</u>	<u>Amount of Decrease</u>
CMP	86-79	05/05/86	06/27/86	07/07/86	07/01/86	\$55 mil
BHE	86-88	05/19/86	07/08/86 08/14/86	09/05/86	12/01/86	\$12.5 mil
MPS	86-3	01/02/86	(None)	05/09/86	08/02/86	\$ 2.45 mil

As can be seen by the table, untimely filings and the presence of contested issues requiring hearings, prohibited the Commission from meeting the Legislature's desire for an implementation in rates for all three utilities by May 19, 1986. In the case of the one utility which had a timely filing and with respect to which there was a stipulation without requirement for a hearing (Maine Public Service Company), the Commission was able to issue an Order on May 5 which would have allowed implementation by May 19. However, the effective date was delayed until August 2, in order to coincide with other rate changes being made pursuant to the Company's sale of its Seabrook investment. On the other hand, the absence of a filing until May and the need for hearings caused a slight delay for Central Maine Power Company and a significant delay for Bangor Hydro-Electric Company. However, in any event, customers are now receiving refund of over-collections with interest.

The Commission has submitted a bill in the current legislative session which would call for the repeal of the existing mandatory Fuel Adjustment Clause statute. This legislation is the result of growing Commission concern with the improper economic signals being sent by the Fuel Adjustment Clause and its inconsistency with the economic incentives and efficiencies intended to result from utility regulation. These concerns were reinforced by experiences with the Fuel Adjustment Clause in 1986. The retroactive reconciliation provisions of the clause, combined with the interest provisions, produce rates

which may not reflect current costs, but rather reflect a significant collection of under-recovery or return of over-recovery of past costs. The public may be better served by establishing a process which by necessity produces reasonable projections of all costs (including fuel and purchase costs) for the future period and then requires the utility to live by those projections until the next rate adjustment.

### Seabrook

Three Maine utilities (Central Maine Power, Bangor Hydro-Electric, and Maine Public Service) together owned approximately 10% of the Seabrook Nuclear Power Plant.<sup>1/</sup> They invested in excess of \$350,000 in the project. In April of 1984, Public Service Company of New Hampshire (PSNH), the lead owner, stopped construction on the project. As a result, the Maine Public Utilities Commission opened an investigation to determine whether or not it was reasonable for Maine utilities to continue to invest in Seabrook Unit I and to determine the prudence of Maine utilities past investment in Seabrook Unit II.

In December of 1984, the Commission told the three Maine utilities with investments in Seabrook they could continue to participate in the project if they could find buyers for their shares of the project at prices consistent with their testimony in the pending investigation. No credible offers were forthcoming. In January of 1985, the Commission directed the utilities to file plans for disengagement. The Commission indicated that sale continued to be an acceptable form of disengagement.

In the spring of 1985, the Commission staff, the Public Advocate and Central Maine Power Company entered into negotiations in hopes of reaching an agreement that would resolve all of the outstanding Seabrook issues - - those issues being recovery of CMP's investment in the now cancelled Seabrook II, continued investment in Seabrook I and recovery of the Company's investment in Seabrook I prior to December 31, 1984.

In May the parties reached an agreement and presented a stipulation to the Commission for its approval. The stipulation disallowed 40% of the cost of Seabrook II and 30% of the cost of Seabrook I prior to 1985. The Commission approved the stipulation. This stipulation served as a model for similar stipulations with regard to Bangor Hydro-Electric and Maine Public Service.

1/

Eastern Maine Electric Cooperative also invested in Seabrook through the Massachusetts Municipal Electric Cooperative.



Meanwhile, the Maine utilities received an offer from Eastern Utility Associates of Massachusetts to purchase their shares of Seabrook. This offer was reviewed by the Commission to determine if it was in the best interest of the Maine rate payers. The Commission approved the offer and the sale was consummated in December of 1986. Maine utilities, with the exception of Eastern Maine Electric Cooperative, no longer have any interest in the Seabrook Nuclear Power Project.

#### Competition in the Telecommunications Industry

Modernization of telecommunications technology, increased availability of new telecommunications products and services, increased consumer awareness and demand for various telecommunications services, and deregulatory and competition enhancing activities of the Federal government have introduced an era of increasing competition in the provision of telecommunications products and services. Until a few years ago, the only new providers of telecommunications services seeking Commission approval to serve in the State were radio common carriers and paging businesses. However, in more recent years, the Commission has been faced with the actual or potential desire of a number of telecommunications entities which may be competitive with existing regulated telecommunication providers. To date the Commission has authorized resellers of intrastate WATS, MTS, and FX services and customer owned pay telephones. The Commission has also received a petition to authorize intrastate toll competition and has addressed the issue of competition by a telephone cooperative.

In October, 1985, the Commission commenced an investigation pursuant to 35 M.R.S.A. Section 296 of "the current state and future prospects of competition in the telecommunications industry in Maine and the extent to which competition should be permitted or encouraged in the future as consistent with the public interest and whether the 'public convenience and necessity' require competition". During 1986 interested parties including traditional telephone utilities, potential telecommunications competitors, and representatives of public interests participated in the investigation by filing voluminous written comments and reply comments and participating in round table discussions. The materials gathered by the Commission pursuant to this investigation contain a wealth of information, analyses of the data, and discussions of policy considerations with respect to telecommunications competition in the State of Maine.

In January, 1986, the Commission terminated the Section 296 investigation, having accomplished all that could reasonably be expected to be accomplished in that procedural mode. The Commission has decided to commence a formal rulemaking proceeding



to implement in rule form the product of its investigation. The staff is now in the process of gathering suggestions for a proposed rule from interested parties and it is expected that a proposed rule will be issued within a few months.

#### Local Measured Service

In November of 1984, the Commission issued an order in the pending New England Telephone (NET) rate case approving a rate design that included Local Measured Service in exchanges served by electronic switches. At the request of the Joint Standing Committee on Utilities, the Commission delayed the effective date of Local Measured Service. Meanwhile, the Commission held additional hearings to solicit public opinion. While these hearings were being conducted, the Commission staff, the Public Advocate and NET reached a compromise that was presented to the Commission in the form of a stipulation.

This compromise established an optional measured service program in which customers could choose among 2 measured options and a flat-rate. Additional hearings were held on the stipulation which was finally adopted by the Commission. The modified Local Measured Service Plan went into effect on February 15, 1986.

Meanwhile, opponents of Local Measured Service gathered sufficient signatures to force the issue to referendum. That referendum was held in November of 1986, and as a result, Local Measured Service is now statutorily prohibited. After the results of the election were certified, the Commission directed New England Telephone to file tariffs consistent with the new law. NET filed the tariffs and the Local Measured Service Program was terminated on December 25, 1986.

#### Consumer Assistance Division

In 1986 the Legislature approved legislation, consistent with the recommendations of the Committee on Audit and Program Review, to upgrade the Consumer Assistance Division (CAD). In accord with this legislation, the Commission has hired a new director and upgraded CAD to a full division. The Commission is now in the process of providing additional resources to the division, including computer capacity, to enable the division to more efficiently respond to ratepayers problems.

#### Finance Division

In 1985, consistent with recommendations of the Committee on Audit and Program Review, the Legislature placed in



the unclassified service the Financial Analyst and Chief Utility Accountant positions within the Finance Division. This action enabled the director of the division to make significant progress in filling those positions with highly qualified individuals. In 1986, the Legislature also approved placing the three Utility Accountant III positions in the unclassified service. As with the Financial Analyst and Chief Utility Accountant positions, this action has enabled the Commission to recruit and hire highly qualified individuals.

### Facilities

Construction on the Commission's facilities at 242 State Street in Augusta began in August of 1986. It is anticipated the renovation will be completed by February of 1987. The new offices will, for the first time, provide the Commission with adequate and properly designed space in which to carry out its duties. This renovation carries out several recommendations of the Committee on Audit and Program Review, including provision for a central library. In addition, the offices will be fully handicap accessible and will feature more efficient heating and lighting systems.

## VI. CONCLUSION

In this report we have provided to the Legislature detailed information pertaining to the activities of the Maine Public Utilities Commission over the past year. In Chapter III, the Commission has fulfilled its statutory reporting requirements under 35 M.R.S.A. §§17(2), 18 and 3358. In Chapter IV, the Commission has fulfilled its commitments to provide certain additional information to the Utilities' Committee.

The Commission continues to work closely with the Legislature on issues affecting the Public Utilities Commission and Maine ratepayers, and is prepared to provide any additional information on request.

